

District Technical Coordinator
Nashville District

AUG 30 1991

Assistant Chief Counsel (Income Tax & Accounting)
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Technical Coordination Report Submitted by:
Sharon L. Shelton
Nashville District

Recommending: Legislation be enacted to penalize a taxpayer, who never files a return, for a failure to pay starting from the return due date.

Presently, the penalty under section 6651(a)(2) of the Internal Revenue Code for failing to pay an amount shown on a return (which would run from the due date of the return) is applicable only if a return is filed and the taxpayer shows an unpaid liability.

Congress, in enacting section 6020 of the Code, allows a taxpayer who believes that he or she is not required to file a return and pay tax, to have his or her tax liability treated as a deficiency. However, the taxpayer is subject to the late filing penalty under section 6651(a)(1) of the Code. If the nonfiler fails to file and pay without grounds, then the increase in the section 6651(a)(1) penalty for a fraudulent failure to file may be applicable under section 6651(f) of the Code.

We appreciate Ms. Shelton's interest and initiative in submitting this report and hope that she will continue to provide us with her ideas. Copies of this memorandum are attached for the Regional Technical Coordinator, yourself, and other interested persons.

Assistant Chief Counsel
(Income Tax & Accounting)

(Signed) Norlyn D. Miller, Jr.

By _____
Norlyn D. Miller, Jr.
Senior Technician Reviewer
Branch 4

Attachments 4

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